



Opening Remarks by

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**Financial Transactions and Reports
Analysis Centre of Canada**

at the

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Introduction

Thank you for inviting us to address the committee's questions concerning the funding associated with ongoing protest in Ottawa. Joining me today is Annette Ryan, FINTRAC's Deputy Director for Partnership, Policy and Analysis.

I would like to speak very briefly this afternoon about FINTRAC's mandate under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, and the valuable role we play in helping to protect Canadians and Canada's economy.

FINTRAC's Compliance Mandate

FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities.

As one of 13 federal departments and agencies that play a key role in Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime, FINTRAC was established as an administrative financial intelligence unit and not a law enforcement or investigative agency. We do not have the authority to freeze or seize funds, or cancel or delay financial transactions.

This was done deliberately by the Parliament of Canada to ensure that we would have access to the information needed to support the money laundering and terrorist financing investigations of Canada's police, law enforcement and national security agencies, while protecting the privacy of Canadians.

As Canada's anti-money laundering and anti-terrorism financing regulator, FINTRAC is responsible for ensuring the compliance of thousands of businesses with requirements under the Act, including financial entities, casinos, money services businesses, real estate and others.

I will note that crowdfunding sites are not a regulated business sector under the Act. However, when these sites transact with or through businesses subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its Regulations, these financial transactions would be covered under the Act.

As part of their obligations, businesses subject to the Act are required to establish a compliance program, identify clients, keep records and report certain types of financial transactions to FINTRAC, including:

- International electronic funds transfers totaling \$10,000 or more in 24 hour period;
- Large virtual currency transactions totaling \$10,000 or more in 24 hour period; and
- Suspicious transactions, which have no monetary threshold for reporting.

Compliance with the broader legislative and regulatory obligations provides important measures for deterring criminals and terrorists from operating within Canada's legitimate economy.

Compliance with the legislation ensures that FINTRAC receives the information that we need to generate financial intelligence for Canada's police, law enforcement and national security agencies to act upon.

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FINTRAC's Financial Intelligence Mandate

The reports that we receive from Canadian businesses are analyzed and assessed and, when we have reasonable grounds to suspect that financial intelligence would be relevant to investigating or prosecuting a money laundering offence or a terrorist activity financing offence, FINTRAC generates a financial intelligence disclosure for Canada's police, law enforcement and national security agencies.

Under *subsection 55(1) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, FINTRAC is expressly prohibited from discussing any information that we receive or any financial intelligence that we disclose to Canada's police, law enforcement and national security agencies.

What I can say, however, is that our financial intelligence is valued by these agencies, many of whom have told us that they will not start a major project-level investigation without seeking out our financial intelligence.

Last year, we provided more than 2,000 disclosures of actionable financial intelligence in support of investigations related to money laundering, terrorist activity financing and threats to the security of Canada. Since becoming operational in 2001, the Centre has provided more than 22,000 financial intelligence disclosures to Canada's police, law enforcement and national security agencies.

Our disclosures include financial information on an individual or a network of individuals or entities suspected to be involved in laundering money or the financing of terrorist activities. They can make links between individuals and businesses that have not been identified in an investigation, and can help investigators refine the scope of their cases or shift their sights to different targets. Our financial intelligence is often used by law enforcement agencies to put together affidavits to obtain search warrants and production orders.

Our financial intelligence can also be used to identify proceeds of crime and advance the government's knowledge of the financial dimensions of certain crimes and threats, including organized crime and terrorism.

Last year, our financial intelligence contributed to 376 major, resource intensive investigations, and many hundreds of other individual investigations at the municipal, provincial and federal levels across the country.

Law enforcement and national security agencies continue to seek out FINTRAC's financial intelligence in record numbers. FINTRAC received 2,109 voluntary information records from Canada's police, law enforcement and national security agencies in 2020–21. These records contain information on suspected criminals and terrorist activity financiers and are often the starting point for our analysis and the financial intelligence that we are able to generate and disclose.

Conclusion

We are committed to working with Canadian businesses and our domestic and international partners to protect the safety of Canadians and integrity of Canada's financial system.

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At this point, I will be happy to address the committee's questions. In doing so, I will be as open and transparent as I can while respecting the constraints inherent in our intelligence mandate and operations and set out in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Thank you.

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